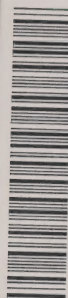


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# **TEACHERS' SUPERANNUATION COMMISSION**

**REPORT TO CONTRIBUTORS  
FOR THE YEAR ENDED  
DECEMBER 31, 1975**

## Chairman's Report

With the retirement in March, 1976 of Professor N.E. Sheppard from the Commission and as Actuary, the Commission has lost its most senior member. Professor Sheppard has been both a member of the Commission and Actuary of the Fund since 1944 and was associated with the former Actuary, Professor M.A. MacKenzie, from almost the inception of the Fund.

Professor and Mrs. Sheppard were honoured at a dinner given by the members of the Commission and a number of former members. I am confident that both active and retired teachers will wish to be associated with the Commission in wishing Professor Sheppard many years of good health in order that he may enjoy a well-earned retirement.

The Commission is pleased to have as its new Actuary the firm of Eckler, Brown, Segal and Company Limited. Professor

Donald Baillie who is associated with this Firm has worked with Professor Sheppard for many years and Mr. David Brown of this Firm has acquired an intimate knowledge of all aspects of the Fund in his former capacity as consultant to The Ontario Teachers' Federation in superannuation matters.

The Chairman, Director and Mr. J.F. Kinlin were pleased to be members of the Committee that studied the matter of escalation of pensions for contributors to The Teachers' Superannuation Fund and that recommended to the Government of Ontario the escalation that is provided with the enactment of The Superannuation Adjustment Benefits Act, 1975. The provisions of this Act go a long way in protecting pensioners from the erosion of their purchasing power by inflation.

*J.R. Thomson*

## Director's Report

The principal change in the benefits under The Teachers' Superannuation Act during the last fiscal year had to do with automatic escalation of pensions in accordance with any increase in the cost-of-living.

Effective January, 1976 retired teachers will receive annual adjustments to their pensions in accordance with variations in the cost-of-living. They will be based on a ratio using the Consumer Price Index for Canada, and will be limited to a maximum of 8% in any given year. If the Consumer Price Index increases by more than 8%, the excess will be applied toward a subsequent year when the increase is less than 8%.

Pensions will not decrease even though the cost-of-living might decrease in a given year. An adjustment which might arise from a decrease in the cost of living will instead be applied against a subsequent year in which the cost-of-living increases.

The adjustment which will be made for the year of going on pension will be prorated to the number of months that the teacher has been on pension during that year.

It should be noted that in the case of deferred pensions the escalation will apply commencing *the year following the date of cessation of employment or September 1, 1975*, whichever is later. This is important for, if a person ceases regular employment but returns to teaching *for any period* as a supply or part-time teacher, the escalation will only apply from the year following the date of his last teaching and will not be back-dated to the year following his cessation of regular employment.

Teachers who retired prior to September 1, 1975 will be included in this new automatic annual adjustment, but the full cost of this benefit will be borne by the Ontario Government.

There have been other amendments to The Teachers' Superannuation Act.

- (1) A dependant's pension is now payable upon the death of any person who has credit for ten or more years of service. In the past such a pension could not be paid to a dependant of a person who died more than two years after ceasing to be employed on account of ill-health or who died more than one year after ceasing to be employed for any other reason.
- (2) The reduction factor has been eliminated where the surviving spouse is more than ten years younger than the teacher. Previously there was a reduction in the spouse's pension at the rate of 2½% for each year that the spouse was more than ten years younger than the teacher.
- (3) A dependant's pension ceases on the remarriage of the dependant, but it may be reinstituted in the case of death or divorce of the new spouse.
- (4) A person who has elected to take a refund rather than a deferred or immediate pension and who returns to employment for 20 or more days in a school year, may be reinstated in the Fund by repaying the contributions withdrawn but must pay interest on the amount withdrawn at the rate of interest received on permanent investments at the time the refund was taken.
- (5) Effective September 1, 1975 a person who has been absent from teaching for the adoption of a child is now permitted to pay into the Fund for up to six months of such absence. Payment must be made within two years of the date of return to employment.
- (6) Effective September 1, 1975 a person who has been absent from teaching because of duties as a member of council or local board may now pay into the Fund for such absence.

Payment must be made within two years of the date of return to employment.

### Statement of Contributions

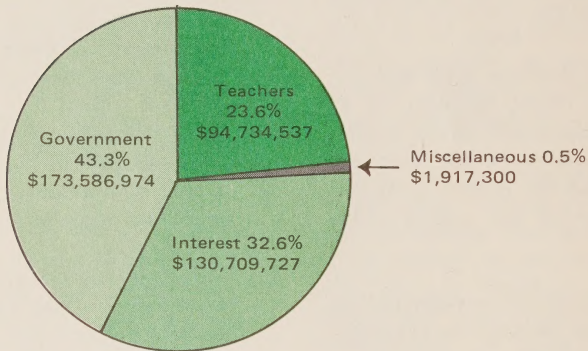
Early this year we ran a pilot project on a new format for reporting to you the service and salary rendered during the previous three years. We felt the response to this project was enthusiastic enough to

warrant a full trial and we will be sending out, early in the next school year, a statement of your service and contributions to this Fund. We ask that you check it over carefully and report to us any discrepancies which are evident to you. We would like to clear up any errors in our records as soon as possible.

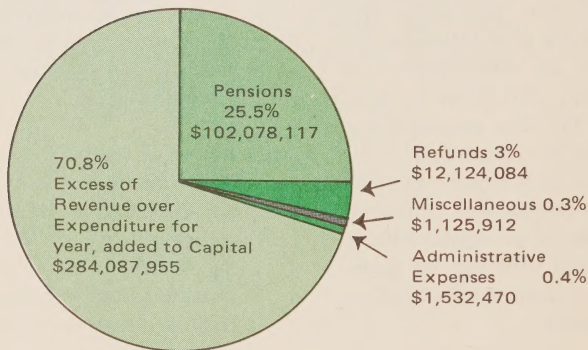
*J.R. Causley.*

### For the 14 Month Period November 1, 1974 to December 31, 1975

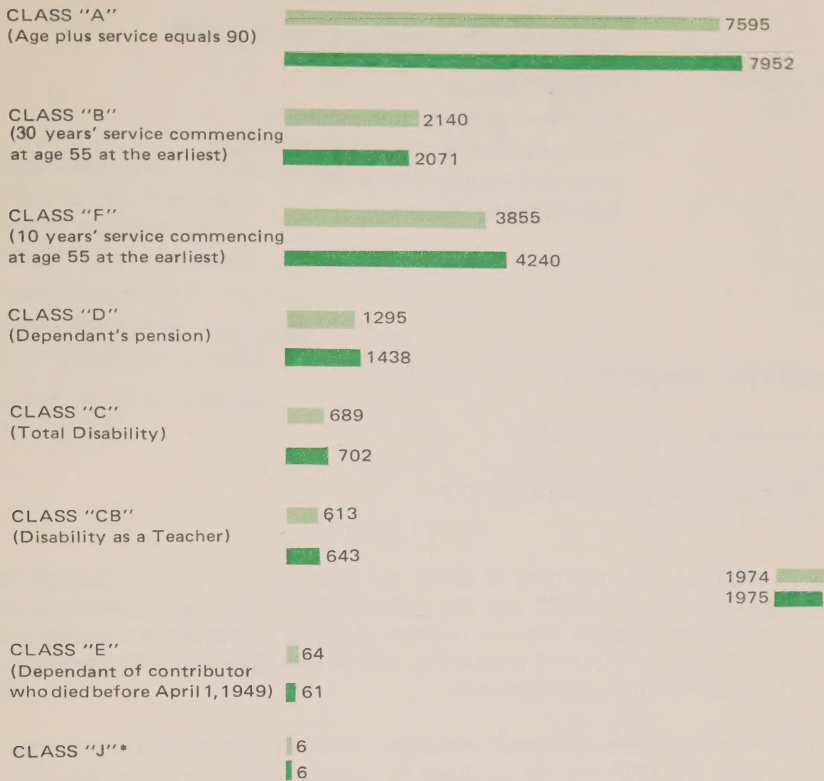
#### Income



#### Distribution

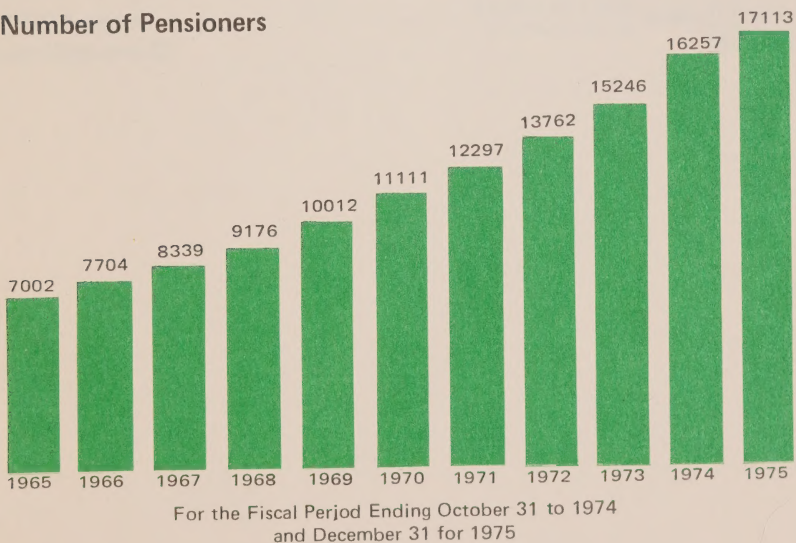


## Changes in the Pension Register in the Fiscal Periods 1974 – 1975



\*Class "J" pension is one where the teacher has elected to receive a reduced pension which, when he dies, is payable in half the amount to a named dependant.

## Number of Pensioners



# Teachers' Superannuation Fund Financial Statements

Fourteen Months Ended December 31, 1975

Auditors' Report  
Statement of Assets and Liabilities  
Statement of Revenue and Expenditure  
Notes to Financial Statements  
Administration Expenses

Thorne  
Riddell  
& Co.

Chartered Accountants

## Auditors' Report

The Honourable Darcy McKeough  
Minister of Treasury  
Economics and Intergovernmental Affairs  
The Province of Ontario

We have examined the statement of assets and liabilities of Teachers' Superannuation Fund as at December 31, 1975 and the statement of revenue and expenditure for the fourteen months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Fund as at December 31, 1975 and the results of its operations for the period then ended, in accordance with accounting policies set out in the notes to the financial statements on a basis consistent with that of the preceding year.

North York, Ontario  
April 15, 1976

Thorne Riddell & Co.  
Chartered Accountants

# Teachers' Superannuation Fund

## Statement of Assets And Liabilities

### ASSETS

	December 31, 1975	October 31, 1974
Cash . . . . .	\$ 454,381	
Receivable from Province of Ontario		
Contributions by Province . . . . .		\$ 60,780,613
Interest on contributions . . . . .		5,313,593
Increase in pension payments . . . . .	1,536,143	1,069,385
Receivable from school boards, net. . . . .		278,600
Short term notes, at cost plus accrued interest of \$66,275 (\$96,630 in 1974) . . . . .	15,816,275	20,846,630
Investments, at cost plus accrued interest (note 4) . . . . .	1,674,566,086	1,318,545,249
	<u>\$1,692,372,885</u>	<u>\$1,406,834,070</u>

### LIABILITIES

Bank advances . . . . .		\$ 130,862
Accounts payable and accrued liabilities . . . . .	\$ 670,373	1,092,866
Payable to school boards, net. . . . .	74,033	
Due to The Superannuation Adjustment		
Benefits Fund . . . . .	1,930,182	
	<u>2,674,588</u>	<u>1,223,728</u>

### CAPITAL FUND

Balance at beginning of period . . . . .	\$1,405,610,342	\$1,183,395,912
Add excess of revenue over expenditure. . . . .	284,087,955	222,214,430
Balance at end of period . . . . .	1,689,698,297	1,405,610,342
	<u>\$1,692,372,885</u>	<u>\$1,406,834,070</u>

# Teachers' Superannuation Fund

## Statement Of Revenue And Expenditure

	14 Months Ended December 31, 1975	12 Months Ended October 31, 1974
<b>REVENUE</b>		
Contributions from participants		
Teaching for Ontario boards . . . . .	\$ 87,852,702	\$ 64,605,639
Teaching in designated private schools . . . . .	1,465,528	840,183
Outside services . . . . .	209,020	139,979
Miscellaneous . . . . .	5,207,287	2,633,605
	<u>94,734,537</u>	<u>68,219,406</u>
Contributions from the Provincial Treasury per section 22 of the Teachers' Superannuation Act, including interest of \$6,650,838 (\$5,313,593 in 1974) . . . . .	<u>74,384,768</u>	<u>66,094,206</u>
Special payments from the Provincial Treasury		
Interest on 1966 actuarial unfunded liability . . . .	23,197,500	30,137,600
Amortization of post 1966 actuarial unfunded liability and interest thereon . . . . .	45,280,500	46,074,800
Experience deficiency and interest thereon . . . .	9,835,000	12,124,480
Minimum pension subsidy . . . . .	20,889,206	88,336,880
	<u>99,202,206</u>	<u>88,336,880</u>
Interest earned		
Province of Ontario debentures . . . . .	128,221,922	84,253,850
Temporary investments . . . . .	808,532	431,221
Repayment of refunds and sundry interest. . . . .	1,679,273	966,588
	<u>130,709,727</u>	<u>85,651,659</u>
Transfers from other pension funds. . . . .	<u>1,523,139</u>	<u>1,839,205</u>
Repayments of refunds by former participants resuming teaching. . . . .	394,161	387,197
<b>TOTAL REVENUE</b>	<b>\$ 400,948,538</b>	<b>\$ 310,528,553</b>
<b>EXPENDITURE</b>		
Pensions paid		
Service. . . . .	\$ 91,165,206	\$ 67,133,476
Disability. . . . .	5,934,097	4,515,220
Dependents. . . . .	4,932,224	3,466,056
Joint annuities. . . . .	46,590	31,176
	<u>102,078,117</u>	<u>75,145,928</u>
Refunds of contributions and interest thereon		
To participants who have withdrawn . . . . .	11,634,103	10,705,168
To representatives of deceased participants. . . . .	489,981	401,520
	<u>12,124,084</u>	<u>11,106,688</u>
Transfers to other pension funds. . . . .	<u>1,125,912</u>	<u>944,190</u>
Administration expenses (see schedule A) . . . . .	1,532,470	1,117,317
<b>TOTAL EXPENDITURE</b>	<b>\$ 116,860,583</b>	<b>\$ 88,314,123</b>
<b>EXCESS OF REVENUE OVER EXPENDITURE ADDED TO CAPITAL . . . . .</b>	<b>284,087,955</b>	<b>222,214,430</b>
	<u><u>\$ 400,948,538</u></u>	<u><u>\$ 310,528,553</u></u>

# Teachers' Superannuation Fund Notes To Financial Statements

December 31, 1975

## 1. ACCOUNTING POLICIES

### (a) Fixed assets

In accordance with the provisions of the Teachers' Superannuation Act, all expenditures on real property are reflected as administration expenses in the statement of revenue and expenditure in the period of acquisition as are all other purchases of fixed assets.

### (b) Revenue

Contributions from participants are reflected in the year in which they are received. Contributions from the Provincial Treasury are reflected in the year in which payment is due while special payments from this source are reflected in the year of receipt.

Interest earned on short term notes and investments is recorded on an accrual basis.

### (c) Refund of contributions and repayments of refunds

The liability of the fund for refunds of contributions to participants who have left the profession and have not yet withdrawn their contributions is not specifically set up, the liability being considered an actuarial liability similar to the liability of the fund for annuities. In addition, no asset has been set up for the amounts due from participants who withdrew their contributions upon temporarily leaving the profession but who have since resumed teaching.

## 2. CHANGE IN FISCAL YEAR

Pursuant to the Teachers' Superannuation Act the fiscal year end of the fund was changed from October 31 to December 31 in each year, with the 1975 fiscal year being the fourteen month period ended December 31, 1975.

## 3. ACTUARIAL UNFUNDED LIABILITY

The amount of the actuarial unfunded liability is not reflected in the financial statements. The latest three actuarial reports show deficiencies at December 31 of each of the mentioned years as follows:

1972	\$557,887,000
1969	382,265,000
1966	328,282,000

The Pension Benefits Act of Ontario requires the employer to maintain the actuarial unfunded liability at its December 31, 1966 level. Accordingly the Province of Ontario is required to pay into the fund \$41,610,570 per year from 1973 to 1989 inclusive and \$19,696,920 per year thereafter.

Experience deficiency payments of \$20,203,800 received prior to December 31, 1975 have been deemed unnecessary and the resulting overpayment applied to reduce the 1976 unfunded actuarial liability payment to \$21,406,770.

#### 4. INVESTMENTS

Investments consist of the following:	December 31, 1975	October 31, 1974
Province of Ontario debentures at cost:		
6% due November 1, 1982 . . . . .	\$ 74,200,000	\$ 74,200,000
6% due November 1, 1987 . . . . .	176,000,000	176,000,000
6% due November 1, 1992 . . . . .	454,500,000	454,500,000
8.57% due May 1, 1996 . . . . .	18,000,000	18,000,000
8.57% due November 1, 1996 . . . . .	74,000,000	74,000,000
8.57% due January 1, 1997 . . . . .	18,000,000	18,000,000
8.57% due March 30, 1997 . . . . .	62,000,000	62,000,000
7.86% due May 1, 1997 . . . . .	25,500,000	25,500,000
7.86% due November 1, 1997 . . . . .	84,500,000	84,500,000
7.86% due January 1, 1998 . . . . .	9,500,000	9,500,000
8.06% due April 2, 1993 . . . . .	50,000,000	50,000,000
8.06% due May 1, 1993 . . . . .	32,000,000	32,000,000
8.06% due October 1, 1993 . . . . .	5,000,000	5,000,000
8.06% due November 1, 1993 . . . . .	92,000,000	92,000,000
8.06% due January 1, 1994 . . . . .	16,000,000	16,000,000
8.39% due April 1, 1999 . . . . .	2,600,000	
8.39% due May 1, 1999 . . . . .	46,000,000	
8.39% due September 30, 1999 . . . . .	40,000,000	
8.39% due November 1, 1999 . . . . .	117,000,000	
8.39% due January 1, 2000 . . . . .	80,500,000	
Deposit with the Province of Ontario to be used in purchasing Province of Ontario debentures . . .	169,500,000	88,600,000
	<u>1,646,800,000</u>	<u>1,279,800,000</u>
Accrued interest . . . . .	27,766,086	38,745,249
	<u><u>\$1,674,566,086</u></u>	<u><u>\$1,318,545,249</u></u>

#### Schedule A

### Teachers' Superannuation Fund Administration Expenses

	14 Months ended December 31, 1975	12 Months ended October 31, 1974
Staff salaries . . . . .	\$ 861,139	\$ 666,756
Staff benefits . . . . .	102,492	56,836
Commissioners' salaries . . . . .	13,075	13,400
Travel expense . . . . .	14,739	7,905
Actuarial services . . . . .	45,074	18,843
Medical fees . . . . .	6,371	6,056
Audit and accounting fees . . . . .	13,500	11,000
Legal fees . . . . .	2,330	2,400
Postage . . . . .	33,022	25,383
Printing and stationery . . . . .	135,772	89,872
Data centre services . . . . .	139,859	91,603
Rental of office equipment . . . . .	40,522	32,540
Repairs and maintenance . . . . .	30,109	23,790
Utility expense . . . . .	37,347	25,969
Insurance . . . . .	230	358
Office equipment and furniture . . . . .	9,261	8,481
Sundry expenses . . . . .	43,177	36,125
Translation services . . . . .	4,451	
	<u><u>\$1,532,470</u></u>	<u><u>\$1,117,317</u></u>

## Personnel of The Commission

as of December 31, 1975

### (a) Appointed by the Minister:

Mr. J.R. Thomson (Chairman) Teachers' Superannuation Commission  
Mr. H.A. Blanchard, Member, Teachers' Superannuation Commission  
Mr. W.G. Chatterton, Director, Legislative Branch, Ministry of Education  
Mr. J.F. Kinlin, Assistant Deputy Minister, Ministry of Education  
Mrs. Jean McConnell, Superintendent, Supervisory Services, Ministry of Education  
Norris E. Sheppard (Actuary), Professor Emeritus

### (b) Teacher Representatives:

Mrs. Marie Arthurs, Ontario English Catholic Teachers' Association  
Mrs. Evelyne Bertrand, L'Association des Enseignants franco-ontariens  
Mr. R.E. Poste, Ontario Public School Men Teachers' Federation and Urban Inspectors  
Mr. D.W. Scott, Ontario Secondary School Teachers' Federation  
Mrs. Mabel Stamp, Federation of Women Teachers' Associations of Ontario

## Acknowledgements

The Commission acknowledges with deep appreciation the assistance which has been received throughout the year from its expert advisers —

Dr. B.W. Vale, Medical Referee  
Mr. L.R. MacTavish, Solicitor  
Norris E. Sheppard (Actuary), Professor Emeritus

The advice of these officials has contributed very greatly to the supervision of the Fund by the Commission.

## Communications

All communications should be addressed to Mr. J.R. Causley, Director, Teachers' Superannuation Commission, 190 Finch Avenue West, Willowdale, Ontario, M2R 1M4. Telephone (416) 226-2700.

When corresponding with the Commission the teacher must quote his/her social insurance number.

*(Issued by the Authority of the Teachers' Superannuation Commission — September, 1976)*

## OFFICE CONSOLIDATION

THIS EDITION IS PREPARED FOR  
PURPOSES OF CONVENIENCE ONLY,  
AND FOR ACCURATE REFERENCE  
RECOURSE SHOULD BE HAD TO THE  
OFFICIAL VOLUMES OF THE ACTS  
AND REGULATIONS.

THIS PUBLICATION IS AVAILABLE  
IN THE FRENCH LANGUAGE.

